

The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro

Monthly Letter & Risk Report

July 2022

Performance	
NAV Per Share	307.48
July Return	-0.50%
YTD Return	-14.68%
Annualised Return Since Inception	6.02%
Annualised Volatility (Trailing 12-month)	12.52%
Sharpe Ratio (Trailing 12-month)	-1.11
Percentage of up months	66.79%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	\$114m
Share Class	Class A
ISIN	KYG0540S1084
Subscription	Monthly
Redemption	Monthly
Redemption Notice	120 days
Minimum Investment	\$100,000 (or €/\$ equivalent)
Management Fee	2%
Performance Fee	20%
Designated Investments	
Jurisdiction	Cayman Islands
Launch Date	December 2019
Return since inception	82.63%
ISIN	KYG0540S1167
Share Class	DI 1
Fixed investment period	36 months
Redemption	Upon realisation
Management Fee	2%
Performance Fee	20%

Investment Strategy

The Argo Fund is a diversified global emerging markets debt and macro fund with a master-feeder structure. The Argo Fund seeks to capture alpha through long and short investment in EM corporate, sovereign and distressed credit and FX. The fund uses a macro hedging overlay strategy to actively manage portfolio duration, volatility and correlation.

Monthly Commentary

Argentina bonds rallied into month end following a further intra-month selloff as Economy Minister Silvina Batakis exited after less than a month in the job. President Fernandez replaced her with 'superminister' Sergio Massa, who will lead a new ministry overseeing economic, manufacturing and agricultural policy. Massa is a moderate and more overtly political appointment who investors hope will help bring together the coalition and consensus for reform. However, the extent of the policy shift is unclear at this point.

Pakistan continued to underperform this month after continued political uncertainty and reform fatigue have repeatedly derailed its IMF programme. However, a staff-level agreement was reached with the IMF during July which should unlock further financing and temporarily stave off the risk of a balance of payments crisis. Weakness was driven by a by-election victory by former PM Imran Khan's PTI, prompting renewed calls for an early election which could impede the reform programme.

Ukraine launched a consent solicitation for their outstanding Eurobonds and GDP warrants. Under the terms of the restructuring, Ukraine would cap the 2023 reference year payment to 0.5% of GDP, pay a deferred consent fee of 5% and include a call option at par. This would limit the sovereign's exposure to a volatile rebound in GDP from the Russian invasion but limits upside on the warrants in the following years.

Elsewhere in the distressed book, we re-entered Zambia after some positive developments in the restructuring process. China subsequently agreed with the rest of the creditor committee to restructure under the Common Framework, clearing the way for a USD1.4bn IMF programme. We also added Sri Lanka sovereign bonds after a further selloff post-default. A new government has been formed and is expected to continue working towards an IMF deal.

Indonesian coal miner Bumi Resources confirmed it had repaid a further USD115mn of the tranche A bonds held by the fund. There is now USD45mn remaining, and the company expects to fully repay the bond in October.

In the macro book, we continued actively trading S&P puts to hedge downside risk and shorted UST futures. Our low duration EM sovereign shorts underperformed as the market added risk into month-end.

Portfolio Statistics	
Duration	1.68
99% 1-month VaR	9.01%
Average Credit Rating ¹	CCC-
Average Yield to Maturity	11.62%
Annualised Downside Risk (1-Year)	9.98%
Monthly Turnover ²	49.77%
Cash	11.04%
Leverage:	
Gross Exposure Method	109.13%
Commitment Method	57.14%

Notes:

1. Includes long and short positions & excludes cash
2. % AUM
3. Excludes de minimis exposure in FX
4. Monte Carlo VaR from Bloomberg and internal estimates
5. As % of NAVs
6. Gross performance in bps of average AUM of the period
7. Assuming normal market conditions

All figures as of 31st July 2022

Month End Risk Exposures

NAV sensitivity for -100bps shift in the yield curve

Strategy ³

EM Corporate	EM Distressed	Macro Hedge	EM Sovereign	Total
0.59	1.93	-0.82	-0.02	1.68

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.87	-0.19	0.13	1.55	-0.68	1.68

99% 1 Month Component VaR ⁴ (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.66	8.08	0.02	-0.27	0.52	9.01

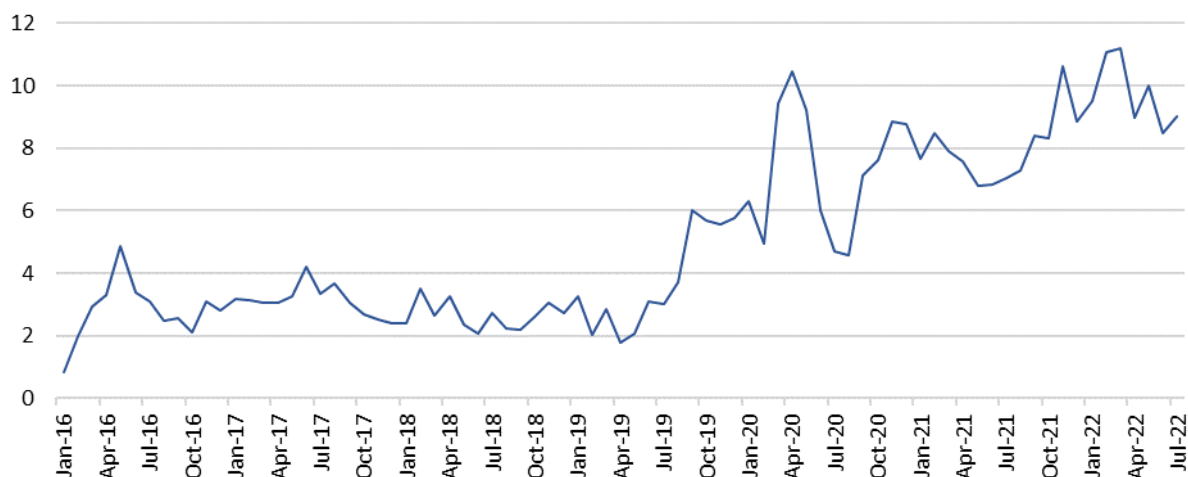
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
2.10	1.04	0.77	5.27	-0.17	9.01

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
-0.24	0.84	1.67	0.55	2.20	3.99	9.01

Monte Carlo 99% 1 Month VaR (%)



Top 5 Country Holdings ⁵

Country	Region	%
Argentina	LatAm	16.60%
Mexico	LatAm	8.67%
Brazil	LatAm	8.29%
US	US	-8.14%
South Africa	Middle East & Africa	4.82%

Top 5 Holdings by Name ⁵

Position	Strategy	%
UST Bond Futures	Macro Hedge	-13.22%
Province of Buenos Aires	EM Distressed	8.32%
Ocyan	EM Distressed	8.29%
Argentina Sovereign	EM Distressed	8.28%
Indonesia Sovereign	EM Sovereign	-5.36%

Performance Attribution ⁶

Largest Contributors (bps)

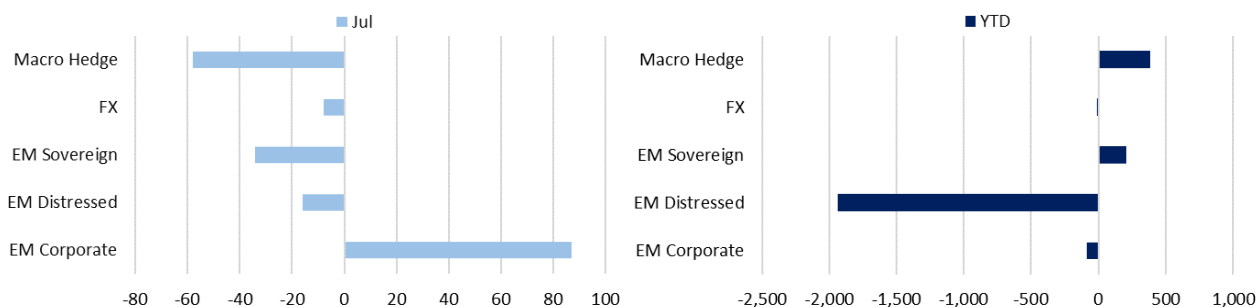
Position	Long/Short	Strategy	Region	Performance
Eskom	Long	EM Corporate	Middle East & Africa	+50
Pemex	Long	EM Corporate	LatAm	+40
PLN IRS	Long	EM Sovereign	Europe	+32
Province of Buenos Aires	Long	EM Distressed	LatAm	+23
Ukraine GDP Warrants	Long	EM Distressed	Europe	+11

Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
Pakistan	Long	EM Distressed	Asia	-60
S&P Put Options	Short	Macro Hedge	US	-33
Indonesia Sovereign	Short	EM Sovereign	Asia	-24
Ecuador Sovereign	Long	EM Distressed	LatAm	-15
Greece Sovereign	Short	EM Sovereign	Europe	-15

Performance Attribution by Strategy

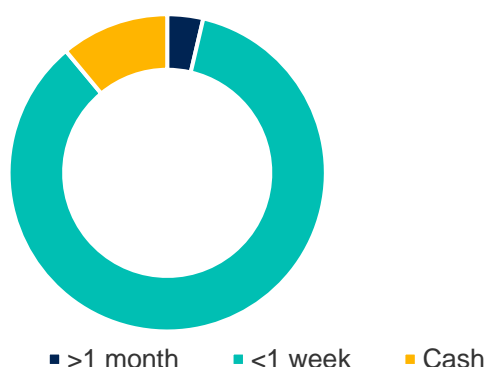
Gross Performance Attribution (bps)



Performance History (Net Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.36%	-5.70%	3.25%	0.14%	-3.95%	-8.77%	-0.50%						-14.68%
2021	-1.33%	-0.18%	-0.09%	3.95%	1.80%	0.14%	0.22%	2.98%	0.29%	0.32%	-3.65%	0.91%	5.29%
2020	-0.95%	-0.80%	-6.00%	1.70%	6.79%	4.24%	-0.33%	0.92%	-2.67%	-1.95%	2.50%	2.58%	5.53%
2019	2.74%	1.26%	-0.89%	-0.06%	0.00%	1.17%	0.86%	-5.74%	1.14%	-0.93%	-0.37%	3.27%	2.18%
2018	1.85%	-0.22%	0.04%	-0.15%	-1.50%	-1.93%	-0.56%	-1.96%	0.67%	0.47%	-2.31%	-0.12%	-5.65%
2017	1.53%	0.72%	1.88%	1.61%	-1.22%	0.10%	0.88%	1.24%	1.15%	1.00%	-0.05%	1.41%	10.70%
2016	10.44%	0.17%	2.22%	5.03%	1.13%	19.17%	2.09%	1.30%	0.66%	0.76%	-0.27%	1.70%	52.30%

Liquidation Profile (% AUM) ⁷



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Comparatives

	MTD	YTD
The Argo Fund	-0.50%	-14.68%
JPM EMBI+	4.03%	-23.69%
JPM CEMBI	1.05%	-13.04%
JPM EMFX	-2.37%	-4.08%
Barclays EM USD Aggregate	2.11%	-15.39%
HFRI EM Total	-1.27%	-13.20%

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